Interim Consolidated Statement of Source and Use of Funds—Expressed in thousands

6 months ended June 30

	1971	1970
Source of Funds		
Funds derived from operations	$ 6,113	$ 5,281
Investments realized	1,272	21
	$ 7,385	$ 5,302
Use of Funds		
Dividends paid	$ 1,860	$ 1,860
Additions to fixed assets, net	2,285	1,955
Investments acquired	57	126
Long term debt repaid or currently payable	1,127	1,008
Acquisitions of subsidiaries and publications	470	—
Other minor items	(31)	(39)
	$ 5,768	$ 4,910
Increase in working capital	$ 1,617	$ 392

SOUTHAM PRESS LIMITED

Daily Newspapers
The Spectator, Hamilton
The Ottawa Citizen
The Calgary Herald
The Edmonton Journal
The Winnipeg Tribune
The Province,* Vancouver
(*Published for Pacific Press Limited)
The Medicine Hat News
The North Bay Nugget
The Gazette, Montreal
The Owen Sound Sun-Times
The Citizen, Prince George

Business Newspapers
Financial Times of Canada, Montreal
Journal of Commerce, Vancouver

Trade Publications and Shows
Southam Business Publications Limited, Don Mills, Ontario
National Business Publications Limited, Gardenvale, P.Q.
Southex (1970) Limited, Toronto

Printing
Southam Murray, Weston, Ontario
Southam Specialty Printing, Candiac, P.Q.
Southam Business Forms, Candiac, P.Q.
Gazette Printing Company (Limited), Montreal
Southam Nicholson, Vancouver

SOUTHAM PRESS LIMITED

Interim report

6

months ended June 30, 1971

AR21

To The Shareholders,
Southam Press Limited.

We submit for your information an unaudited statement of the company's income for the three months ended June 30 together with a statement of income and of source and use of funds for the first six months of 1971.

The improvement in the tone of business which commenced in March strengthened moderately in the second quarter. This improvement is expected to continue in the second half of the year. Our share of the income of companies 50% owned increased substantially, reflecting the operations of Pacific Press which was shut down from mid-February to mid-May, 1970 by a labour dispute.

Southam Press has bought, or agreed to buy, Farwest Lithograph Limited of Vancouver and Canprint Holdings Limited of Montreal and Toronto. Both are commercial printing companies. An agreement to buy Seccombe House Limited, a Toronto based trade publishing firm has also been reached. The aggregate cash consideration for these acquisitions is $5,075,000 although in the case of Canprint and Seccombe the arrangements will not be closed until the third quarter.

The regular quarterly dividend of thirty cents per share has been declared payable September 28 to shareholders of record September 14.

Yours sincerely,

Toronto, Canada.

July 23, 1971.

President.

Interim Consolidated Statement of Income (not audited)

Expressed in thousands except per share amounts

3 months ended June 30

	1971	% Change	1970*
Revenue from operations:			
Newspapers	$19,425		$18,181
Printing	8,498		7,864
Trade publications and shows	3,031		2,681
	30,954	+ 7.8	28,726
Costs and operating expenses	25,409		23,821
Depreciation	668		708
Interest on borrowed funds	102		76
	26,179	+ 6.4	24,605
	4,775	+15.9	4,121
Equity in net earnings of companies 50% owned	560		(104)
Income from other investments	173		222
	5,508	+29.9	4,239
Income taxes (estimated)	2,608	+18.9	2,193
Net income	$ 2,900	+41.7	$ 2,046
Net income—per share	$ .94		$ .66
Dividends paid	$ 930		$ 930
Dividends paid—per share	$ .30		$ .30

6 months ended June 30

	1971	% Change	1970*
Revenue from operations:			
Newspapers	$36,031		$34,235
Printing	15,869		15,673
Trade publications and shows	5,840		5,231
	57,740	+ 4.7	55,139
Costs and operating expenses	48,854		46,567
Depreciation	1,369		1,388
Interest on borrowed funds	207		181
	50,430	+ 4.8	48,136
	7,310	+ 4.4	7,003
Equity in net earnings of companies 50% owned	955		18
Income from other investments	321		340
	8,586	+16.6	7,361
Income taxes (estimated)	3,968	+ 6.2	3,735
Net income	$ 4,618	+27.4	$ 3,626
Net income—per share	$ 1.49		$ 1.17
Dividends paid	$ 1,860		$ 1,860
Dividends paid—per share	$ .60		$ .60

*For comparative purposes, the results for 1970 have been re-stated to show the change in depreciation, which is now being written on a straight line basis.